

Interreg Programme Management Handbook

Guide to the 2021-2027 period

The Interreg Programme Management Handbook comprises a series of factsheets. They can be read individually, or collectively, to understand the relevance of certain aspects of Interreg management. They cover the relevance, legal basis, key challenges and approaches to the given subject.

Factsheet | Technical Assistance in Interreg

1. What is it? What is the definition of this work?

Technical assistance (TA) is designed to finance the programme's management and implementation structures. For instance, it employs all programme staff; finances programme processes for administration; monitoring, evaluation, and communication activities; audit and control; activities of national contact points, if existing, etc. To summarize, TA covers all costs incurred by different programme bodies for the management and administration of the programme.

2. Why are we discussing it?

TA is part of the overall programme budget and is crucial for successful programme implementation. Each programme needs to budget TA in Table 8 in the Programme Document.

There are certain peculiarities when it comes to how the amount of the TA is calculated and reimbursed. In the 2021-2027 period, TA is reimbursed as a flat rate which is applied to the eligible expenditure included in the payment applications to the EC. Depending on the Interreg programme strand (internal or external cross-border, transnational, interregional programmes) and the programme budget size, different percentages of the flat rate are set out (see more in the next section).

Since reimbursement of the TA is directly linked to the implementation of projects, the amount of the TA can only be estimated. It is, thus, very important for programmes to budget carefully, and monitor closely the accumulation of TA; further TA commitments should be done only when there is a high certainty of the upcoming project spending.

3. What are the legal references and basis for this topic?

In the 2014-2020 programming period, TA was an individual priority axis, along with other "content"-related priority axes. In the 2021-2027 period, TA is no longer a separate priority axis, it is part of the financial allocation of each priority (i.e., it is still part of the overall programme budget but is simply not an individual priority axis as such). Annex Template for Interreg programmes of the Regulation (EU) 2021/1059 (Interreg Regulation) specifies how TA is presented under point 3 Financing plan.

Article 27 of the Interreg Regulation provides details on the TA flat rate percentage for different strands of Interreg programmes, as well as details on how the calculation of the TA amount should be done.

The percentage of the TA flat rate varies depending on the Interreg strand and programme budget size (and is applied to the ERDF contribution and the external financing instruments of the Union, where relevant):

- internal Interreg CBC programmes (strand A): 7%,
- external IPA-III CBC, NDICI-CBC, strand B programmes with ERDF support 50% or less, strand D programmes: 10%,
- strand B programmes (transnational) with ERDF support of more than 50%, strand C programmes (interregional): 8%,
- for Interreg programmes with total ERDF allocation between EUR 30M and EUR 50M: an additional amount of EUR 500 000 is added to the amount resulting from the respective % of the flat rate,
- for Interreg programmes with total ERDF below EUR 30M: the amount of the TA and the resulting percentage is fixed in the EC decision approving the programme.

Additional EUR 500 000 are granted to Interreg programmes where **ERDF allocation** (not the programme's total budget) is between EUR 30M and 50M -, especially in the case of IPA III programmes and NDICI programmes, where the budget is composed of ERDF and external financing instruments of the Union. For example, if we have an IPA III programme with an ERDF share of EUR 16M and an IPA III fund of EUR 16M, such a programme will not be entitled to the additional EUR 500 000, since its ERDF share is not within the range (EUR 30M and 50M), but below EUR 30M. In this case, point (5) of Article 27 of the Interreg Regulation will apply (the amount needed for TA will be expressed in EUR and the resulting percentage will be fixed in the Commission decision approving the Interreg programme concerned pursuant to Article 18).

4. What are the challenges, key considerations and frequently asked questions?

Main challenges are the calculation of TA amount, both in the programme planning (i.e. budgeting) and implementation stages as well as the actual cash flows to finance programme implementation. As TA is a flat rate based on eligible expenditure of projects, the irregular amounts found in audits and/or national checks during management verifications affect the final amount of TA that the programme can make use of. This makes TA liability also an issue to consider.

5. How are they addressed?

Interact has prepared a calculator for TA to assist programmes in calculating the TA amount both in the programming phase as well as during the implementation if they want to calculate the TA in the payment applications submitted to EC (see section 6).

As TA reimbursement is directly linked to the projects' spending, there is a risk that during the first years of programme implementation, when projects are just kicking off and when programme procedures are being established, there might be a shortage of financial resources to cover TA costs. On top of that, pre-financing is quite low: for 2021 and 2022, pre-financing is only 1% of the programme's ERDF (Article 51 of the Interreg Regulation) and must be cleared with the respective accounting year. To mitigate the risk of shortage of financial resources in the first years of programme implementation, the programme could have used savings from the 2014-2020 programming period up to end of 2023 or arranged to receive national contributions to TA in full at the beginning of the programme.

It is of utmost importance to carefully budget TA considering different scenarios of projects' spending. Constant monitoring of the TA as well as ensuring a high project spending rate could also suffice to avoid TA shortage at the programme implementation stage. It is important to keep in mind that actual TA corrections will only happen once project expenditure can no longer be allocated (towards the end of the

programme). Also defining the liability for TA for Member States is a way to safeguard the programme implementation (see section Good Practices).

Having a flat rate for TA also has its benefits. It is a significant simplification in terms of no need for the checks of the underlying expenditure (i.e., costs covered by the TA should not be verified by controllers as it is a flat rate). Only basis costs (in the case of TA, it is all projects' expenditures) are to be controlled. Thus, it brings a significant reduction in time and efforts needed to verify TA expenditure. However, even though TA is a flat rate where underlying expenditures should not be checked, it does not lift all other requirements and rules that must be respected (e.g., public procurement, bookkeeping, etc.).

6. How does it work in practice?

Since reimbursement of the TA is directly linked to the implementation of projects, to estimate the amount of the TA which a programme can theoretically get, one must account for different scenarios of the programme's spending rate (e.g., 100%, 95%, 85% spending and so on). This also means that the final amount of the TA that the programme receives is only known ex-post (i.e., once the programme implementation has come to an end). It will also depend on the final programme spending rate and can be impacted by the corrections of the project expenditure (since TA is a flat rate, where basis costs are the eligible expenditures of projects).

To understand how the TA is generated through the payment applications to EC, it might be useful to go through the steps for budgeting TA on programme level to establish the amounts that the programme might get for TA. Internally, the programme is then splitting the amounts to staff costs, office and administration, travel and accommodation, external expertise and services and equipment as (any) project. In case you are familiar with the budgeting of TA, you can continue to Reporting TA.

Budgeting of the TA

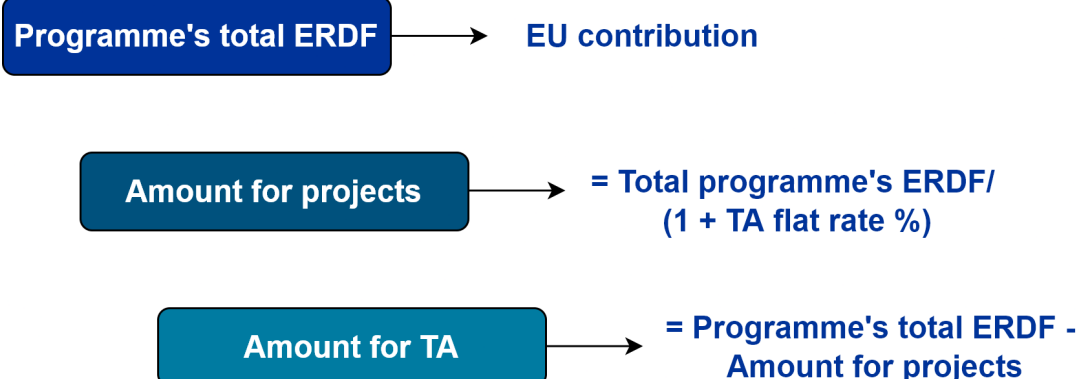
TA amount is calculated as a percentage of the reimbursed expenditure, and is, thus, not a fixed percentage of the programme's budget. In practice, this means that if the programme's TA is 8%, it does not translate into 92% of the programme's budget available for projects and 8% available for TA.

TA amount is defined per priority under the EU contribution part (Table 8 of the programme document, column a2). For the breakdown of the national counterpart TA amounts are not separately disclosed. However, national co-financing for the TA is also expected by the EC, considering the cooperation character of Interreg programmes (i.e., TA is not co-financed at 100%).

Since the programme will know the exact amount of the TA only at the end of the programme implementation, it is purely a theoretical exercise to estimate the amount of the TA within the programme's budget. It should be done following these steps (for demonstration purposes, below an Interreg programme with a total programme budget above EUR 50m is used).

Steps to calculate your TA amount

1. From the programme's total ERDF (or the ERDF contribution and the external financing instruments of the Union where relevant), calculate the amount of ERDF for projects = $\text{Programme's total ERDF} / (1 + \% \text{ of the flat rate})$;
2. Calculate the amount available for the TA = $\text{Programme's total ERDF (or the ERDF contribution and the external financing instruments of the Union where relevant)} - \text{Amount available for projects (received in Step 1)}$;
3. Financial allocation per programme's priority (policy objective) should then be composed of the amount for projects and the percentage of the flat rate for TA.



Programmes should then apply the percentage of EU co-financing rate and national co-financing (for estimated amounts for both projects and TA) to calculate totals (EU and national co-financing) available for projects and TA financing. To make these calculations easier, Interact has prepared a calculator for TA (with references to the respective fields of Table 8 of Annex to the Interreg Regulation to help you fill it in). It is available for both Interreg programmes with a budget above and below EUR 50M (in case of a budget between EUR 30M and EUR 50M, an additional amount of EUR 500 000 to the flat rate amount of the TA is foreseen - see below).

Practical advice: Amounts for TA (Table 8 of the Interreg Regulation, columns a1 and a2) are filled as integers (amounts with no decimals). The practical solution could be to round down the amounts for TA you will receive when you use the TA calculator (not to exceed the percentage of the TA as set out in the Regulations).

Budgeting of the TA when the programme's total ERDF is between EUR 50M and EUR 30M

For Interreg programmes where the total ERDF allocation (note, not total budget!) is between EUR 30M and EUR 50M, an additional EUR 500 000 is paid together with the first payment claim (and this amount is included in the percentage of the flat rate). The additional amount of EUR 500 000 is not an additional amount that should be added to the programme's total ERDF. It is an amount from the programme's budget, and it is taken from the available ERDF for projects and included in the flat rate percentage (thus, in fact, the percentage of the TA will be higher than indicated in Article 27 of the Interreg Regulation, see below in steps for detailed explanation).

Thus, to calculate the TA amount for a programme with a budget of EUR 30M (with a flat rate of 7%), the following steps need to be done.

Steps to calculate your TA amount

1. Calculate ERDF amount for projects = $30M / (1 + 0.07) = \text{EUR } 28\,037\,383$
2. Calculate amount for TA = $30M - 28\,037\,383 = \text{EUR } 1\,962\,617$

3. Deduct EUR 500 000 from the ERDF amount for projects:
 $28\,37\,383 - 500\,000 = \text{EUR } 27\,537\,282$
4. Add EUR 500 000 to the amount for TA – this amount will be the maximum amount of the TA that your programme can receive (cap):
 $1\,962\,617 + 500\,000 = \text{EUR } 2\,462\,617$
5. Calculate the actual percentage for the flat rate (which is higher than in Article 27 of the Interreg Regulation as it includes the additional EUR 500 000!):
 $\text{Flat rate} = \text{ERDF for TA} / \text{ERDF for projects} = 2\,462\,616.82 / 27\,537\,282.18 = 8.94\%$
6. Calculate ERDF for projects and TA for each priority:
 $\text{Priority amount} = \text{ERDF for projects} + (\text{ERDF for projects} * \text{Actual flat rate}, 8.94\%).$

Additional EUR 500 000 will be paid with the 1st payment claim reimbursement as a lump sum. This amount is a sort of advance payment from the maximum ceiling of the TA amount (identified in Step 4) that the programme can theoretically receive (provided a 100% spending rate of projects).

Reporting TA in SFC

The SFC no longer includes a separate row for TA reporting. Instead, the payment application includes column D for TA, which will be automatically filled in in SFC. The automatic calculation is done per priority as follows: percentage of the TA flat rate multiplied by the sum of the reported total amount of eligible expenditure incurred by beneficiaries and the total amount of Union contribution (column B + column C) in the respective payment application:

Column D = Flat rate % * (Column B + Column C)

Priority	Calculation basis (public or total) ¹	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations in accordance with point (a) of Article 91(3) and point (c) of Article 91(4)	Total amount of Union contribution pursuant to points (a) and (b) of Article 91(4)	Amount for technical assistance in accordance with point (b) of Article 91(3)	Total amount of public contribution made or to be made in accordance with point (c) of Article 91(3)
	(A)	(B)	(C)	(D)	(E)
Priority 1					

Template available as Annex XXIII in CPR

It is worth remembering that retention of 5% is applied also to the TA amount as it is applied to all interim payments included in the payment applications to the EC in the 2021-2027 period.

Irregularities affecting TA

As TA is not an operation in 2021-2027 period, it cannot have irregularities as such. As TA flat rate is based on eligible expenditures of the projects, any irregularities in project expenditure affects the generation of TA. However, the “real” reduction of TA will only happen once the programme cannot re-commit the irregular amount – otherwise TA irregular expenditure can be “reused”. While irregular project expenditure can be off-set with next payment claim (programme – project cash flow), the correction affecting TA is done “automatically” via next payment application to the EC (programme – EC cash flow).

The picture below illustrates the effect of irregularities. This is a simplified picture not considering the two columns (B & C) in payment applications and 5% retention (so the amounts are including the 5% retention). Additionally, the sum in the picture are ERDF amounts – in SCF the calculations are first made to total expenditure (ERDF plus national contribution) and then the ERDF amounts are calculated.

Priority	Info from Payment application 1							Info from Payment application 2				
	Total eligible ERDF for projects	Flat rate TA	Total ERDF (projects and TA)	Irregularity found (correction)	Actual eligible ERDF for projects	Actual eligible TA	"overpaid" TA	Total eligible ERDF for projects	Flat rate TA	Total ERDF for projects correcting irregularity	Flat rate TA	Total ERDF (projects and TA)
P1	100	8	108	30	70	5,6	2,4	200	16	170	13,6	183,6
P2	200	16	216	10	190	15,2	0,8	200	16	190	15,2	205,2
TOTAL	300	24	324	40	260	20,8	3,2	400	32	360	28,8	388,8

Actual received* TA
 $24 + 28,8 = 52,8$

=

Actual eligible TA
 $20,8 + 32 = 52,8$

*for clarity: received here includes the amount actually paid and the 5% retention

7. Good practice examples, innovative approaches

TA liability

As TA liability is directly linked to project irregularities (because TA is based on the project expenditure submitted to the EC), it seems logical to apply the same responsibility as for project irregularities. In many programmes, a Member State liability has been established for irregularities by “their” project partners, which would consequently result in the respective Member State covering TA irregularities.

A good practice example is to include a paragraph in relation to the TA liability under the liability section in the Cooperation Programme. Here is an example of Interreg Europe programme section 7.3:

Liabilities and irregularities

For the use of the programme ERDF, NDICI and IPA funds (jointly referred to as ‘the Interreg funds’), Norwegian and Swiss funds, the Partner State will bear liability as follows:

- For project-related expenditure granted to project partners located on its territory, liability will be born individually by each Partner State;
- In case of a systemic irregularity or financial correction (decided by the programme authorities or the Commission), the Partner States will bear the financial consequences in proportion to the relevant irregularity detected on the respective Partner State territory. Where the systemic irregularity or financial correction cannot be linked to a specific Partner State territory, the Partner State shall be responsible in proportion to the Interreg funds’ contribution paid to the respective national project partners involved in the programme;
- For the technical assistance expenditure (calculated as a flat rate in accordance with Article 27 of Regulation (EU) 2021/1059 on ETC), the above liability principles applicable for project-related expenditure and systemic irregularities / financial corrections may also be applied to TA corrections as they are the direct consequence of project expenditure related corrections.

Disclaimer: Cooperation can be complex, and while Interact's job is to make it easier, Interact cannot offer assurances on the accuracy of our pan-European information in any specific context.

Furthermore, understanding and knowledge evolves throughout the programming period. If you spot something out of date or inconsistent, please contact us at communication@interact.eu

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